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February 17, 2004

To,  
Securities & Exchange Commission  
Division of Corporate Finance  
450, Fifth Street,  
Washington DC 20459, USA



SUPPL

Fax : /

Dear Sir,

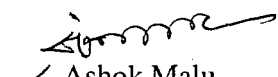
We wish to inform that due to water scarcity in central part of Karnataka, arising out of poor monsoon, the Bhadra dam authorities have temporarily stopped release of water in Tungbhadra canal system on 1<sup>st</sup> Feb 04, to conserve water. They are expected to start the release again on 23<sup>rd</sup> Feb04.

As a result of the above, the water level in the Tungbhadra canal system from which our Viscose Staple Fibre plant and Pulp plant at Harihar draw water reached a critical level on 15<sup>th</sup> Feb forcing the stoppage of Pulp plant on 16<sup>th</sup> Feb and VSF plant on 17<sup>th</sup> Feb. Based on restart of release of water from 23<sup>rd</sup> Feb 04, it is expected that water levels will become normal by 5<sup>th</sup> March when both plants are expected to resume production.

However, the aforesaid event will not have any significant impact on current quarter's profitability as (a) Company's other two VSF plants at Nagda (MP) and Kharach(Gujarat) are already operating at more than rated capacity, and (b) the company has already built up sufficient inventory level to meet the customers' requirement.

Thanking you.

Yours faithfully,

  
Ashok Malu  
Company Secretary

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MAR 04 2004

THOMSON  
FINANCIAL**GRASIM INDUSTRIES LIMITED**

(Corporate Finance Division)